

Trade Promotion Authority

"It is important for America to understand that we're good at what we do. We can compete with anybody in the world. We've got the most productive workforce on the face of the Earth; therefore, let's open up markets to sell our products. The Senate has got to give me the ability to do that."

—**President George W. Bush**
Charleston, West Virginia
January 24, 2002

"Good jobs depend on expanded trade. Selling into new markets creates new jobs, so I ask Congress to finally approve trade promotion authority."

—**President George W. Bush**
State of the Union Address
January 29, 2002

- Since trade promotion authority lapsed in 1994, America has stood on the sidelines while countries worldwide have brokered trade agreements that benefit their workers, their businesses and their economies.
- Soon after taking office, President Bush called on Congress to grant him Trade Promotion Authority to reassert America's leadership in promoting American goods and the expertise of America's workforce to more markets. The need for expanded markets dramatically escalated after our nation's economy began declining last March, and the events of September 11th forced so many Americans out of their jobs.
- In December, the House passed a bipartisan Trade Promotion Authority bill. The Senate Finance Committee quickly followed their lead with a strong bipartisan vote of 18-3 in support of TPA.
- America is poised to get back into the game and compete on behalf of American workers, businesses and the economy. But in order for that to happen, the full Senate must take bold action, and pass a Trade Promotion Authority bill.
- **In this time of economic uncertainty, the stakes could not be higher. The President has called on the Senate to do the right thing for American workers and the U.S. economy by passing this important trade legislation. It will:**
 - ✓ Expand markets for American goods and services
 - ✓ Create higher-paying American jobs
 - ✓ Tap the most productive workforce in the world
 - ✓ Promote economic security for America
 - ✓ Boost productivity
 - ✓ Provide a shot in the arm for America's small- and medium-size businesses that employ 3 out of 4 American workers
 - ✓ Invigorate local communities and their economies
 - ✓ Strengthen the American dream by creating an environment where individuals can work hard, buy a home, and provide a better life for themselves and their families
- **The absence of favorable trade agreements imposes an invisible tax on Americans pay every time they shop. Better trade deals that lower tariffs will boost those savings even higher. Think about it:**
 - ✓ Previous trade agreements like NAFTA and the Uruguay Round have delivered a greater choice in goods for American buyers and produced benefits for a typical family of \$1,300 to \$2,000 each year.
 - ✓ Economists say reducing tariffs by even one-third will boost the world economy by as much as \$613 billion – and boost the United States economy **by \$177 billion a year**. To the typical family of four – that means an *additional* \$2,500 a year in savings. (January 2001 study by University of Michigan and Tufts University)

- **Many respected leaders, cabinet officials from both parties, and seven presidents of liberal and conservative think tanks, have called on Congress to pass Trade Promotion Authority. They understand that giving the President this important tool is a critical step toward economic recovery for America.**
- **Trade is essential to America's economic growth and prosperity.**
 - ✓ Exports accounted for more than one-fourth of all U.S. economic growth in the 1990s
 - ✓ Jobs dependent on exports pay wages an estimated 13 to 18 percent higher than the national average
 - ✓ One-in-ten Americans – 12 million people – work at jobs that depend on exports of goods and services
- **Trade Promotion Authority is a contract between the President and Congress on America's trade agenda. Congress and the President agree on the goals our negotiators pursue at the negotiating table, the President consults with Congress at every step of the process, and Congress reviews the agreements the President brings back.**
 - ✓ Every President since Gerald Ford has had the power to negotiate trade deals with an up or down vote from Congress. That authority lapsed in 1994 and President Bush is asking to reinstate it before the end of the year.
- **Every day that America delays, other countries throughout the world are entering into trade agreements without us, benefiting their workers, their farmers, their businesses and their economies at the expense of ours.**
 - ✓ Our competitors in Europe, Asia, and Latin America have sealed deals on approximately 130 preferential trade compacts – many within our own hemisphere. Yet the United States is party to only three, with Canada and Mexico (NAFTA), Israel and Jordan.

The Lack of Trade Promotion Authority is Placing American Exporters at a Disadvantage

For example, Brazil and Canada have preferential trade agreements with Chile, which place their exporters at an advantage and American exporters at a disadvantage:

- ◆ A \$187,000 Caterpillar 140 H Motor Grader tractor made in America and shipped to Chile is slapped with \$14,960 in tariffs and duties – or 8 %.
- ◆ The same tractor made in Brazil and sold to Chile faces \$3,740 in tariffs and duties – or 2%.
- ◆ The same tractor made in Canada and shipped to Chile faces ZERO tariffs or duties.

➤ Trade is Good for America's Farmers and Ranchers

- ✓ One in three U.S. farm acres is planted for exports.
- ✓ American farmers are expected to export \$54.5 billion in agricultural products and crops this year
- ✓ Is supporting 765,000 jobs in America

➤ Trade is Good for America's Small Businesses

- ✓ Small business is the backbone of our nation's economy, creating 3 out of every 4 jobs and producing one-half of the U.S. gross domestic product.
- ✓ 97 percent of America's exporters are small businesses with fewer than 500 employees.
- ✓ To stay at the forefront of innovation, U.S. small businesses need access to foreign markets and a level playing field globally.

➤ Trade is Good for American Global Leadership

- ✓ Trade spreads American values and reinforces the habits of liberty that sustain democracy.
- ✓ Trade promotes growth and creates stronger partners for regional stability.
- ✓ Trade has been a powerful force for overcoming poverty in the developing world.

For more information on the President's Initiatives, visit the White House website at www.whitehouse.gov